

January 5, 2021

Directive 2021-02

TO: **ALL PARTICIPATING LENDERS**

SUBJECT: **UPDATES TO THE CREDIT 640 PRODUCT**

The Maryland Mortgage Program (MMP) is pleased to announce the following changes to the **CREDIT 640** product for eligible FHA borrowers with credit scores ranging between 640 & 659. The following MMP Overlays are being amended/removed effective for reservations dated after January 1, 2021.

- Maximum Debt-to-Income (DTI) ratio is increasing from 42.0% to 45.0%
- Two months PITI reserves requirement is eliminated
- No manual underwriting is allowed

FHA borrowers with a middle credit score of 640-659 must still utilize this product even though it is substantively the same as the regular FHA product.

As always, we appreciate your continued participation in our programs. If you have any questions concerning this Directive or suggestions for improvements, please email singlefamilyhousing.dhcd@maryland.gov.

Sincerely,

Karl Metzgar

Karl Metzgar
Assistant Director / Operations Manager
Single Family Housing